ABSTRACT

[0085] A system and method for conducting a financial transaction using an integrated circuit device issued by a card issuer and capable of conducting off-line and on-line transactions with a payment card network. The method includes utilizing the card for conducting a transaction and reading from the card a pre-authorized balance, a pre-authorized limit, and an account number. The method also includes requesting on-line authorization in the event the value of the transaction is greater than the difference between the pre-authorized limit and the pre-authorized balance. Finally, the method includes receiving authorization to conduct the transaction and updating by the card the pre-authorized balance and the pre-authorized limit, wherein the card issuer, through the integrated circuit device, is able to continually update the pre-authorized limit based on various factors including the transaction and account activity.